

**Washington, D.C.** - As small businesses are finding it harder to access affordable capital in the private sector, Congresswoman Melissa Bean (IL-08), Chair of the House Small Business Committee's Subcommittee on Tax and Finance, held an oversight hearing to ensure the Small Business Administration is doing all it can to ensure its loan programs are readily available.

"Access to capital is critical to small business investment, growth and competitiveness," Bean said in her opening statement to the committee Wednesday. "The current downturn, rising loan foreclosures, and a falling housing market, have caused financial institutions to tighten their credit standards.

"The rising cost of capital can cause small businesses to forgo important purchases or expansion. This has the potential to reduce entrepreneurial activity in the short-term, and further hinder economic growth," Bean said.

At a time when the Small Business Administration's loan programs are more needed than ever, challenges facing the agency have resulted in reduced lender participation, lower loan volume to small businesses, and rising costs. The agency's flagship 7(a) loan programs are seeing a decrease in dollar amounts and participating financial institutions. A new 7(a) oversight fee is being added and even more fees are proposed for next year.

To leverage the full power of the SBA's financing programs, costs for the borrower must be contained and new ways to increase lender participation should be considered. Witnesses testified before the committee recommending specific steps for the SBA to do both. In addition, legislative proposals addressing some of those recommendations are pending. Chairwoman Bean's Small Business Lending Improvements Act (H.R. 1332) would lower fees in the 7(a) loan program, increase lender participation and streamline the application process. Congressman Jason Altmire (PA-04) introduced the Small Business Investment Improvements Act (H.R. 3567), which would create a new program that increases financing options for start-up ventures. Both bills have passed the House and await action in the Senate.

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